

USAID/East Timor

Annual Report

FY 2005

June 16, 2005

Please Note:

The attached RESULTS INFORMATION is from the FY 2005 Annual Report and was assembled and analyzed by the country or USAID operating unit identified on the cover page.

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East Timor

Performance:

USAID has provided substantial assistance to East Timor following the violence and destruction of September 1999. Since then, a \$25 million annual Congressional earmark of Economic Support Funds (ESF) has provided the needed resources for USAID to mount a strong development program to the new nation. This was accomplished within the context of the concluded FY 2002 - FY 2004 Transition Strategy. The strategy is designed to be flexible in order to respond and provide critical assistance to East Timor at its birth and initial phase of nationhood. A major assumption under the Transition Strategy was that economic recovery and strengthening democracy are critical to increasing East Timor's prospects for stability and security. The Transition Strategy focused on two strategic objectives, supported by various activities and a critical small grants program:

Strategic Objective 1: Revitalization of the local economy by strengthening the coffee cooperatives toward sustainability, increasing coffee exports, expanding rural employment, rehabilitating selected rural infrastructure, and increasing workers' productivity; and

Strategic Objective 2: Strengthening democratic institutions by fostering free and fair elections, the drafting of a democratic constitution, civil society and citizen participation in responsive and transparent governance, a professional judiciary, and an independent media.

The Economic Growth program encouraged the development of a robust free-market economy that is open to trade and foreign investment that will create jobs, reduce poverty, and spur positive economic growth. The economic growth portfolio contains many activities that encourage free-market agricultural and economic policies that support coherent and transparent investment and commercial legislation, increased government revenue-generation from private sector, favorable environment and fair treatment for foreign investors, and development of property titling/registration policies and laws are essential foci of this SO. Increasing financial services, promoting the development of private enterprises to produce and sell goods (particularly agricultural products for export and for domestic consumption), and helping develop necessary market linkages for private sector operation are the other main priorities for the EG office.

Building on the experience and partnership with the Office of Transition Initiatives (OTI), which successfully implemented 386 grants between November 1999 and November 2001, USAID/East Timor has managed the Small Grants Program (SGP) since December 2001. The program has awarded 313 in-kind and cash grants. One hundred and thirty seven grants (for a total of \$5.5 million) have supported economic growth objectives. Some notable grants include:

Key Timor Sea agreements; National policies regarding land tenure and investments; Support for on-going border demarcation negotiations; The establishment of a National Consumer Price Index; The establishment of a Microfinance Working Group; Support to vulnerable groups in rice production and fisheries; Long-lasting family-size bednets distributed to all pregnant women in the country for protection against malaria; Marketing and business training; Launch of the first National Census; Production of a mobile environmental awareness campaign; Developed Code of Conduct and Performance Monitoring Tools for microfinance institutions; Rehabilitation of the National Quarantine Office; Establishment of a virtual library containing agricultural studies and database in Tetum, Portuguese and English; Production of a Citizen's Guide to the 2004-2005 National Budget; Marketing and bookkeeping training for credit unions.

The Democracy and Governance program supported the development of democratic systems in East Timor by increasing citizen participation in governance, improving citizen's access to justice, and assisting

the consolidation of government and independent institutions. Efforts were directed to the strengthening of basic democratic values including advocacy, representation, accountability, transparency, access to justice, and the protection of civic and human rights. Specifically USAID supported the expansion of public defenders, legal aid and dispute resolution service; developed the institutional capacities of civil society organizations for advocacy and constructive engagement with government; assisted a network of community providers to care for survivors/victims of torture; improved civilian oversight of the security forces, supported political party development, supported the Women's Caucus to promote women candidates; improved the journalistic and management skills of targeted media outlets; provided technical assistance and material support to the national public broadcast service; conducted a long-term civic education and grassroots advocacy programs in all 12 districts outside the capital; and provided legislative analysis and drafting training to parliamentarians.

One hundred and seventy six grants provided support to organizations promoting Democracy and Governance objectives for a total of \$5.6 million. Some notable grants include:

Monitoring and providing public information on the new judicial system;

Infrastructure support for the public defender's office and the Baucau district Court;

Civic and human rights information reaching most households through the children's magazine Lafaek (in Tetum), distributed to all primary schools in the country; GIS and cadastre mapping systems in the Land and Property Department; Mitigation of potential conflict through support of Truth and Reconciliation Commission and the Presidential Veterans' Commissions; Development of the National Human Rights Action Plan; Anti-trafficking needs assessment completed; Website development for the Prime Minister's Media Office; National Workshop on incorporating civic education into the school curriculum; Critical operational support to the National Electoral Commission; Provision of Civil Servant's Guide to the Civil Service Code; Support for information campaigns and voter education materials for village chief and village council elections.

This responsive grant mechanism has provided USAID/East Timor with the flexibility and speed to address urgent needs of the public sector and support critical and time-sensitive local initiatives.

In addition USAID, working in close cooperation with other donors, is a major contributor to the Transitional Support Program (TSP), that provides direct budget support to the Government of East Timor through a funding mechanism managed by the World Bank. The program provides the opportunity for donors to participate in a semi-annual review of East Timor's progress in implementing its National Development Plan. In FY2002- FY2004, USAID committed \$12 million through a Public International Organization (PIO) grant to the World Bank.

Results Framework

472-001 Revitalization of the Local Economy

SO Level Indicator(s):

Number of Jobs

IR1 Business Environment Improved

IR2 Markets Improved and Production of Selected Products Increased

472-002 Selected Development Needs Addressed

472-003 Democratic Development Strengthened

SO Level Indicator(s):

Completion of Government Action Matrix (%) (Source: WB)

IR1 Increased Public Participation in Governance

IR2 Improved Citizen Access to Justice

IR3 Strengthened Independent and Government Institutions

472-004 Accelerated Economic Growth

SO Level Indicator(s):

Domestic and foreign direct investment (annual % growth)

Poverty rate and unemployment, total (% of total labor force)

Real GDP Growth (annual %)

IR1.1 Business environment improved

IR1.2 Markets improved and production of selected products and services increased

472-005 Key Foundations of Good Governance Strengthened

SO Level Indicator(s):

USAID Democracy and Governance Milestone Index

IR2.1 Rule of Law Strengthened

IR2.2 More Effective Democratic Governance

472-006 Improved health of the Timorese people

SO Level Indicator(s):

Percentage of children 12-24 months of age who received DPT3 by 12 months of age.

Percentage of women who delivered with a skilled provider for their last pregnancy

IR3.1 Increased use of key maternal and child health practices

IR3.2 Increased use of effective interventions to reduce the threat of priority infectious diseases

472-019 Higher Quality Basic Human Services Utilized

472-xxx 498-022 ANE Regional - Stabilize Population Growth and Protect Human Health